

Message Text

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TAGS: ELAB, SN

SUBJECT: DEVAN NAIR CALLS FOR END OF NWC PAY "BONANZAS."

SUMMARY: NTUC SECRETARY GENERAL DEVAN NAIR IN RECENT SPEECH GAVE GLOOMY ASSESSEMENT OF SINGAPORE'S FUTURE INVESTMENT AND EMPLOYMENT OUTLOOK. IN CONVERSATION WITH AMBASSADOR FEBRUARY 25 (MEMCON AIRPOUCHED TO DEPARTMENT) NAIR FORESEES LITTLE, IF ANY, WAGE INCREASE FOR LABOR IN THIS YEAR'S NWC RECOMMENDATIONS. TWO MAJOR SINGAPORE UNIONS HAVE BACKED NAIR'S CALL FOR LABOR BELT TIGHTENING AND FINANCE MINISTER HON SUI SEN WARNS THAT WAGE INCREASES WILL BE MUCH SMALLER THAN PREVIOUS YEARS. COPY OF NAIR'S SPEECH BEING POUCHED TO DEPARTMENT. END SUMMARY.

1. IN A HARD-HITTING SPEECH FEBRUARY 27 TO THE TRIENNIAL DELEGATES CONFERENCE OF THE SINGAPORE INDUSTRIAL LABOR ORGANIZATION (SILO) AND THE PINOEER INDUSTRIES EMPLOYEES' UNION (PIEU), NTUC SECRETARY GENERAL DEVAN NAIR ANNOUNCED THAT NWC WAGE RECOMMENDATION BANANZAS OF THE LAST FEW YEARS, IN ADDITION TO NEGOTIATED ANNUAL PAY INCREMENTS, ARE DECIDELY OVER FOR THE TIME BEING. GOS LABOR MINISTER ONG PANG BOON, SET THE TONE FOR NAIR'S REMARKS EARLIER IN OPENING THE CONFERENCE BY STATING THAT WAGE INCREASES WOULD NO LONGER BE AUTOMATIC, AND FROM NOW ON WILL HINGE ON IMPROVED EFFORT AND OUTPUT.

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2. NAIR SUBSEQUENTLY LAUNCHED INTO A GLOOMY ANALYSIS OF SIN-

GAPORE'S FUTURE EMPLOYMENT AND WAGE OUTLOOK. HE NOTED THAT IN ORDER TO ACHIEVE THE GOS TARGET OF 3 PERCENT UNEMPLOYMENT BY 1977, AN ESTIMATED 84,000 NEW JOBS WOULD HAVE TO BE CREATED IN 1976 AND 1977. BUT ON THE BASIS OF PRESENT INVESTMENT COMMITMENTS ONLY 20,000 JOBS MIGHT BE CREATED IN THE MANUFACTURING SECTOR, PERHAPS ANOTHER 20,000 IN OTHER EXPANDABLE SECTORS SUCH AS CONSTRUCTION, TRANSPORTATION, PUBLIC SERVICES. THUS, REALISTICALLY, LESS THAN HALF THE JOB TARGET REQUIREMENT WILL BE MET, AND THE ECONOMIC PROSPECT BEING WHAT IT IS, NAIR EMPHASIZED "A PERIOD OF BELT TIGHTENING FOR ALL SINGAPOREANS IS ON THE WAY." MORE RHETORICALLY, HE ASKED "DO WE TAKE TWO STEPS BACKWARD TODAY, IN ORDER TO TAKE THREE OR MORE STEPS FORWARD TOMORROW, FOR THE SAKE OF OUR NEW JOB-SEEKERS? OR DO WE TAKE SIX STEPS FORWARD TODAY, AND EVERYBODY FALLS OVER THE ECONOMIC PRECIPICE AND INTO THE ABYSS TOMORROW?"

3. NAIR SAID FOREIGN INVESTMENT COMMITMENTS TO SINGAPORE DROPPED BY 61 PERCENT IN 1975 OVER 1974. PROSPECTS FOR ACHIEVING FORMER LEVELS OF INVESTMENT HERE IN THE NEXT FEW YEARS WERE NOT BRIGHT DUE TO CONTINUED HIGH UNEMPLOYMENT IN THE MAJOR INDUSTRIAL NATIONS, HESTANCY OVER THE LONG TERM FUTURE OF SOUTHEAST ASIA, DECLINING RATES OF RETURN ON CAPITAL INVESTMENT (12 1/2 PERCENT IN 1975 VS. 18 PERCENT IN 1974) AND RISING UNIT LABOR COSTS.

4. NAIR CALLED ON THE TWO UNIONS REPRESENTED AT THE CONFERENCE, THE LARGEST IN SINGAPORE WITH A COMBINED MEMBERSHIP OF APPROXIMATELY 85,000 INDUSTRIAL WORKERS, TO "TAKE THOUGHT FOR TOMORROW" ... AND WITH OTHER SECTORS IN THE REPUBLIC "MAKE SURE THAT OUR UNIT LABOR COSTS DO NOT EXCEED THOSE OF OUR COMPETITORS, AND THAT OUR PRODUCTIVITY IS INCREASED." AT THE CONCLUSION OF THE CONFERENCE FEBRUARY 28, THE UNION DELEGATES UNANIMOUSLY BACKED NAIR BY ADOPTING A RESOLUTION PLEDGING TO CARRY OUT EFFECTIVE ACTION TO ASSURE THAT WAGE INCREASES WOULD NOT PRICE SINGAPORE PRODUCTS OUT OF INTERNATIONAL MARKETS.

5. IN HIS SPEECH NAIR SAID HE COULD NOT PREDICT WHAT THE EXACT RECOMMENDATIONS OF THE NWC THIS YEAR WOULD BE. HOWEVER, IN A PRIVATE CONVERSATION WITH THE AMBASSADOR FEBRUARY 25 LIMITED OFFICIAL USE

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(BEFORE THE SPEECH) HE STATED THAT HE DID NOT THINK THERE WOULD BE MUCH, IF ANY, WAGE INCREASE FROM THE NEXT NWC ROUND OF DISCUSSIONS.

6. ON MARCH 1 FINANCE MINISTER HON SUI SEN PUT THE OFFICIAL STAMP OF APPROVAL ON THE NTUC BELT TIGHTENING RECOMMENDATIONS. DURING HIS BUDGET STATEMENT TO PARLIAMENT, HON WARNED THAT EVERYONE WOULD HAVE TO BE PREPARED FOR MUCH SMALLER WAGE IN-

CREASES THAN IN THE YEARS BEFORE THE OIL CRISIS. HE ALSO CALLED
FOR A REVIEW OF THE PRACTICE OF NEGOTIATING SEPARATE WAGE
INCREASES AND BONUSES ON TOP OF THE NWC RECOMMENDATIONS.
HE SAID THE TIME HAD COME TO CONSIDER LUMPING ALL PAY CHANGES
IN ONE ANNUAL NWC PACKAGE.
HOLDRIDGE

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